

ASSEMBLY BILL

No. 2372

Introduced by Assembly Member Coto

February 21, 2008

An act to add Article 3.5 (commencing with Section 66026) to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, and to add Section 17044 to the Revenue and Taxation Code, relating to public postsecondary education, and making an appropriation therefor, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2372, as introduced, Coto. Public postsecondary education: systemwide fees: limitations: tax levy.

(1) The existing Donahoe Higher Education Act sets forth, among other things, the missions and functions of California's public and independent segments of higher education and their respective institutions of higher education. The act establishes the California State University, under the administration of the Trustees of the California State University, and the University of California, under the administration of the Regents of the University of California, as 2 of the segments of public postsecondary education in this state. The act provides that it applies to the University of California only to the extent that the regents act, by resolution, to make it applicable.

This bill would establish the College Affordability Act of 2008. The bill would limit, notwithstanding any law and commencing with the 2009–10 fiscal year, the systemwide tuition and fees charged to resident undergraduate students at the California State University and the University of California to those in effect during the 2008–09 academic year. Commencing with the 2014–15 fiscal year, the bill would limit

any increase in statewide tuition and fees to the annual percentage change in the California Consumer Price Index. The bill would apply to the University of California only if the regents, by resolution, make it applicable.

The bill would create the College Affordability Funding Accountability Panel. The panel would be required to annually review the expenditure of funds received pursuant to the tax created in (2) and provide an accountability update to the public that would be posted on the California State University and University of California Internet Web sites.

(2) The Personal Income Tax Law provides for specified treatment and calculations with respect to the taxation of the income of residents, nonresidents, and part-year residents.

This bill would, in addition, for each taxable year beginning on or after January 1, 2009, impose an additional tax at the rate of 1% on that portion of a taxpayer's taxable income in excess of \$1,000,000. Revenue from the additional tax would be deposited in the General Fund. Sixty percent of these revenues would be credited to the College Affordability Fund, which the bill would create. The bill would continuously appropriate this revenue to be disbursed on an annual basis by the Legislature to the California State University and the University of California. The bill would require that the funds be used to offset increased costs of educating resident undergraduate students attending the California State University and the University of California thereby mitigating the need for increases in student tuition and fees. In the event that the provisions of the bill would not apply to the University of California, the bill would require the California State University to receive all of the revenues that would have been allocated to the University of California. This bill would provide that its provisions are severable.

(3) This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 3.5 (commencing with Section 66026) is added to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, to read:

Article 3.5. College Affordability Act of 2008

66026. This act shall be known, and may be cited as, the College Affordability Act of 2008.

66027. The Legislature finds and declares as follows:

(a) Education is the foundation of our society and maximum efforts should be made to help all students attend college.

(b) The State of California has a historical commitment to making higher education accessible and affordable for all eligible students.

(c) California's 21 century economy needs a strong public university system that is accessible and that affordable to all Californians and can provide an educated workforce.

(d) Student tuition and fees, at the University of California and the California State University has almost doubled in the past six years, making it much more difficult for California families to send their children to college.

(e) According to a recent study released by the Public Policy Institute of California, nearly two-thirds of Californians believe that a person must have a college education to succeed in today's workplace and that the cost of college prevents qualified, motivated students from pursuing higher education. Eighty-four percent of residents, an overwhelming share, believe college affordability is a problem.

(f) This article will help give all of California's children the opportunity to attend college by freezing statewide mandatory tuition and fees paid by resident undergraduate students at the California State University and University of California and provide additional funding for these institutions.

66028. (a) For purposes of this article, "base year" means the statewide mandatory tuition and fees paid by resident undergraduate students to attend the California State University or the University of California in the 2008–09 academic year.

(b) Notwithstanding any law, commencing with the 2009–10 fiscal year and continuing for a period of five years, there shall be no increase in systemwide tuition and fees charged to resident undergraduate students at the California State University and University of California. The systemwide tuition and fees charged to those students shall not exceed the tuition and fees in effect as of the base year. Commencing with the 2014–15 fiscal year, any increase in statewide tuition and fees charged to resident undergraduate students at the California State University and University of California shall not exceed the annual percentage change in the California Consumer Price Index.

(c) This article and Section 17044 of the Revenue and Taxation Code shall apply to the University of California only if the Regents of the University of California, by appropriate resolution, make them applicable.

66029. (a) There is hereby established the College Affordability Funding Accountability Panel. The panel shall be comprised of six members appointed by the Governor for a term of two years, including two members representing administrators, two members representing faculty, and two members representing resident undergraduate students from the California State University and University of California.

(b) The panel shall annually review the expenditure of funds that the California State University and the University of California receive pursuant to Section 17044 of the Revenue and Taxation Code. The panel shall annually provide an accountability update to the public that details the expenditure of these funds on a campus-by-campus basis for the preceding fiscal year. The accountability update shall be posted on the California State University and University of California Internet Web sites.

SEC. 2. Section 17044 is added to the Revenue and Taxation Code, to read:

17044. (a) For each taxable year beginning on or after January 1, 2009, in addition to any other taxes imposed by this part, an additional tax shall be imposed at the rate of 1 percent on that portion of a taxpayer's taxable income in excess of one million dollars (\$1,000,000).

(b) The revenue from the additional tax imposed under subdivision (a) shall be deposited in the General Fund of the State Treasury. Sixty percent of these revenues shall be credited to the

1 College Affordability Fund, which is hereby created. These funds
2 are hereby continuously appropriated to be disbursed on an annual
3 basis by the Legislature to the California State University and
4 University of California for the purposes of The College
5 Affordability Act of 2008 (Article 3.5 (commencing with Section
6 66026) of Chapter 2 of Part 40 of Division 5 of Title 3 of the
7 Education Code). The funds shall be used to offset increased costs
8 of educating resident undergraduate students attending the
9 California State University and University of California mitigating
10 the need for other unnecessary increases in student tuition and
11 fees. Costs eligible for funding shall include, but need not be
12 limited to, the funding of student instructional materials, new
13 technology, student scholarships and grants, libraries, campus
14 safety improvements, and faculty salaries.

15 (c) The ratio of revenues allocated to the California State
16 University and University of California pursuant to this section
17 shall be the same ratio of the resident undergraduate statewide
18 mandatory fee revenue collected by the California State University
19 to the University of California in the 2006–07 academic year.

20 (d) In the event that the Regents of the University of California
21 do not pass a resolution pursuant to subdivision (c) of Section
22 66028 of the Education Code, the University of California shall
23 receive no revenues provided pursuant to this section. In this event,
24 the California State University shall receive all of the revenues
25 that would have been allocated to the University of California.

26 (e) The funding established pursuant to the College Affordability
27 Act of 2008 shall be used to supplement, and not supplant, existing
28 levels of federal, state, and local funding for the California State
29 University or the University of California.

30 (f) Moneys in the College Affordability Fund shall not be used
31 for any purpose other than the purposes authorized pursuant to the
32 College Affordability Act of 2008 and shall not be loaned to any
33 other public entity or fund of that entity.

34 SEC. 3. The provisions of this act are severable. If any
35 provision of this act or its application is held invalid, that invalidity
36 shall not affect other provisions or applications that can be given
37 effect without the invalid provision or application.

- 1 SEC. 4. This act provides for a tax levy within the meaning of
- 2 Article IV of the Constitution and shall go into immediate effect.

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